

Message Text

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ACTION EUR-25

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AMCONSUL POZNAN

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E.O. 11652: N/A

TAGS: ETRD, ENRG, PL

SUBJECT: SOVIET OIL: WILL THE POLES BE PAYING MORE?

REF: WARSAW 0036

1. SUMMARY. IN AN ARTICLE IN ZYCIE GOSPODARCZE, A POLISH WEEKLY NEWSPAPER SPECIALIZING IN ECONOMIC AFFAIRS, EDITOR WIESLAW SZYNDLER-GLOWACKI, A SPECIALIST IN POLISH ECONOMIC RELATIONS WITH THE INDUSTRIAL WEST, RAISES PUBLICLY THE LIKELIHOOD THAT PRICES FOR SOVIET OIL WILL BE RAISED AT THE END OF THE CURRENT AGREEMENT. END SUMMARY.

2. WRITING AT LENGTH " IN RESPONSE TO A QUESTION",
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SZYNDLER-GLOWACKI POINTS OUT THAT THE SOCIALIST COUNTRIES

INSULATE THEMSELVES FROM ARTIFICIAL AND TEMPORARY PRICE FLUCTUATIONS IN THE WORLD MARKET BY FIXING PRICES ON A FIVE-YEAR BASIS. IT IS FOR THIS REASON, HE SAYS, THAT POLAND IS GUARANTEED SUPPLIES OF THE BULK OF ITS CRUDE OIL FOR THE IMMEDIATE FUTURE. (THE TIME PERIOD WAS NOT MORE SPECIFICALLY DEFINED, BUT IT CONCEIVABLE COULD BE AS SHORT AS ONE YEAR FROM NOW, WHEN THE SOVIET-POLISH TRADE PROTOCOL FOR 1975 WILL BE NEGOTIATED. ON THE OTHER HAND, GIVEN THE INCREASING ECONOMIC TIES BETWEEN EAST AND WEST, AND THE GROWING PARTICIPATION OF SOCIALIST COUNTRIES IN WORLD TRADE, SZYNDLER-GLOWACKI CONCLUDES THAT IN THE LONG RUN PRICES OBTAINING IN TRADE AMONG THE SOCIALIST COUNTRIES CANNOT DIFFER GREATLY FROM PRICES ON WORLD MARKETS. IF THE PRICE OF CRUDE OIL ON THE WORLD MARKET HOLDS AT ITS PRESENT HIGH LEVEL, "IN THE FUTURE IT MUST ALSO HAVE A REPERCUSSION ON THE MARKETS OF THE SOCIALIST COUNTRIES."

3. NOTING THE INCREASE IN POLAND'S IMPORTS OF CRUDE OIL (FROM .5 MILLION TONS IN 1955 TO 9.7 MILLION TONS IN 1972) AND PETROLEUM PRODUCTS (.9 MILLION TONS TO 2.3 MILLION TONS OVER THE SAME PERIOD), THE AUTHOR OBSERVES THAT THE ROLE OF NON-SOCIALIST COUNTRIES IN SATISFYING POLAND'S NEEDS FOR LIQUID FUELS HAS RECENTLY BEEN EXPANDING. DESPITE THE INCREASE IN REFINERY OUTPUT FROM 3.5 MILLION TONS IN 1965 TO 10 MILLION TONS IN 1972, HE SEES NO POSSIBILITY THAT POLAND WILL BE ABLE TO MEET ITS OWN REQUIREMENT FOR REFINED FUELS UNTIL COMPLETION OF THE GDANSK REFINERY, WHICH SHOULD COME INTO PRODUCTION IN 1975 AND WILL EVENTUALLY HAVE A 3 MILLION TON PER YEAR CAPACITY. FOR THE MOMENT, SAYS SZYNDLER-GLOWACKI, THERE IS NO WAY TO ESCAPE A SIGNIFICANT INCREASE IN THE IMPORT OF PETROLEUM PRODUCTS AND SYNTHETIC LIQUID FUELS FROM WESTERN COUNTRIES.

4. ALTHOUGH HE TAKES PAINS TO EMPHASIZE THAT POLAND WILL BE FAR LESS AFFECTED BY THE WORLD PETROLEUM CRISIS THAN THE HIGHLY DEVELOPED CAPITALIST COUNTRIES, SZYNDLER-GLOWACKI RECALLS THE REGULATIONS INSTITUTED IN DECEMBER TO CONSERVE GASOLINE, AND COMMENTS THAT IT MAY LIMITED OFFICIAL USE

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BECOME NECESSARY TO TAKE FURTHER STEPS OF THE SAME KIND.

5. COMMENT. THIS IS THE FIRST PUBLIC MENTION WE HAVE SEEN OF THE LIKELIHOOD THAT POLAND AND PRESUMABLY ALL OTHER COMECON CONSUMERS OF SOVIET OIL SHOULD ANTICIPATE PRICE INCREASES WHEN CURRENT DELIVERY AGREEMENTS EXPIRE.

6. SZYNDLER-GLOWACKI WAS CAREFUL, AS ALL OTHER WRITERS

ON THE SUBJECT HAVE BEEN, NOT TO SPECIFY THE LEVEL AT WHICH SUPPLIES OF SOVIET CRUDE OIL HAVE BEEN "GUARANTEED" BY THE RECENTLY SIGNED SOVIET-POLISH TRADE PROTOCOL FOR 1974. POLAND'S IMPORTS OF CRUDE OIL INCREASED BY 1.8 MILLION TONS, OR NEARLY 25 PERCENT, IN 1972, AND THE FIRST 10 MONTHS OF 1973 SHOW AN IMPORT INCREASE OF 841 THOUSAND TONS OVER THE IDENTICAL PERIOD IN 1972. ALL OF 1972'S INCREASE, AS SO FAR AS WE KNOW ALL OF 1973'S, WERE COVERED BY DELIVERIES OF SOVIET CRUDE OIL. IT IS NOT CLEAR WHETHER POLAND WILL RECEIVE OIL AT 1973 LEVELS FROM THE USSR DURING 1974, AND THUS MUST SATISFY ONLY INCREASED IN CONSUMPTION FROM THE WORLD MARKET, OR WHETHER SOME OTHER LEVEL OF DELIVERIES HAS BEEN FIXED. IT IS PLAIN, HOWEVER, THAT IF THE POLES ARE FACED NOT ONLY WITH THE PROSPECT OF ENTERING THE WORLD CRUDE OIL MARKET ON A SMALL SCALE IN 1974, BUT ALSO WITH THE BURDEN OF GREATLY INCREASED PRICES FOR OIL IMPORTS FROM THE USSR WHEN THE PRESENT AGREEMENT ENDS, THEIR AMBITIOUS PROGRAM OF ECONOMIC GROWTH IS IN FOR TRYING TIMES. PAYMENTS FOR ESSENTIAL OIL SUPPLIES WOULD PROBABLY CUT HEAVILY INTO IMPORTS OF CAPITAL AND CONSUMER GOODS FROM THE WEST.

7. THIS SITUATION SHOULD BE AMELIORATED BY POLAND'S ABUNDANT COAL RESOURCES, WHICH ARE ALSO INCREASING RAPIDLY IN VALUE. ABUNDANT WILL HELP OFFSET HIGHER PETROLEUM COSTS. IN 1972 THE SOVIET UNION RECEIVED JUST OVER ONE-THIRD OF POLISH HARD COAL EXPORTS. HOWEVER, THE AMOUNT OF POLISH COAL AVAILABLE FOR HARD CURRENCY SALE, AND HENCE THE AMOUNT OF COAL REVENUES AVAILABLE FOR OIL PURCHASES ON THE WORLD MARKET, WILL DEPEND ON THE QUANTITIES WHICH POLAND IS REQUIRED TO PROVIDE TO THE USSR AND OTHER COMECON MEMBERS.

8. COAL ALSO SATISFIES MOST OF POLAND'S BASIC ENERGY LIMITED OFFICIAL USE

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NEEDS, AND THE COUNTRY'S FUEL SUPPLY SITUATION IS CERTAINLY MUCH ENHANCED BY THE FACT THAT NO MAJOR CONVERSION FROM COAL TO PETROLEUM
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